



BETTY T. YEE - 余淑婷
ACTING MEMBER
STATE BOARD OF EQUALIZATION

September 19, 2005

CALIFORNIA SALES TAX AND THE PERSONAL BEAUTY AND GROOMING INDUSTRY

The information contained in this notice responds to numerous inquiries concerning the application of sales tax to sales of beauty and grooming products commonly purchased for use or resale by those in the personal beauty and grooming industry. This notice contains the most frequently asked questions and responses to assist you in determining when sales tax applies.

What types of businesses does the State Board of Equalization (BOE) consider to be included in the personal beauty and grooming industry?

The BOE considers proprietors and operators of hair and nail salons, barbershops, beauty supply stores, estheticians, and related businesses to be in the personal beauty and grooming industry.

When does tax apply to sales of products to personal beauty and grooming businesses?

For sales tax purposes, the proprietors and operators of these businesses are considered the consumers of the products they use incidentally while performing services for customers. Therefore, tax is applied to sales of personal beauty and grooming products made to businesses which will use the products performing such services for customers.

When is a business' use of a product purchased considered "incidental"?

When an operator consumes or uses up products during the course of performing services for customers, that use of the products is considered "incidental."

Examples of products used by personal and grooming businesses in performing services include, but are not limited to, the following:

- Shampoo and conditioner
- Hair color/bleach
- Hairstyling and grooming products
- Skincare treatments
- Nail polish and nail polish remover
- Artificial nails
- Sanitizing products

Because such products are consumed or used in the course of providing the service, tax applies to the sales of these products to the business providing the services.

When are product purchases of personal beauty and grooming supplies not subject to tax?

When a business purchases products it identifies as and makes available to its customers for resale, the vendor may accept a resale certificate from the business. A vendor who accepts a resale certificate under these circumstances is generally not required to pay tax on the sale. When the business later sells the products to its customers, sales tax must be collected from the customer, and the business must report and remit it to the BOE.

Because sales tax is imposed on retailers and certain service providers for the privilege of selling tangible personal property, they must also obtain a valid BOE seller's permit.

Where can I, as a proprietor or operator of a personal beauty and grooming business, obtain further information concerning an application for a seller's permit and the obligation to report and pay tax to the BOE?

You may obtain an application for a seller's permit from a local BOE office, from the BOE web site, or from the BOE's Information Center. You will need to take the time to learn how to properly apply the Sales and Use Tax Law to your business operations. The BOE has free classes and publications that can help you meet your obligations and help ensure that you do not pay more tax than you owe.

Available Resources for Personal Beauty and Grooming Businesses

- **Obtaining a Seller's Permit:**

To apply for a permit, you can visit or call your local BOE office to obtain an application. For the BOE office located nearest you or to download an application, visit the BOE web site at www.boe.ca.gov. Once the application is completed, it may be mailed or hand delivered to the BOE.

- **Free Classes:**

The BOE currently offers free classes to assist in determining the proper sales tax application and collection obligations. For information about these classes, please visit www.boe.ca.gov.

- **Publications:**

The following are free publications available on the BOE website at www.boe.ca.gov.

- BOE Publication #51, *Guide to Board of Equalization Services*
- BOE Publication #73, *Your California Seller's Permit*
- Form BOE-400-SPA (4-04), *California Seller's Permit Application*
- Regulation 1501, *Service Enterprises Generally*
- Regulation 1506, *Miscellaneous Service Enterprises*
- Regulation 1668, *Sales for Resale*

- **For Further Information:**

To obtain further information, please call the BOE Information Center at 1-800-400-7115. To contact us via the Internet, go to www.boe.ca.gov.